

This record is a partial extract of the original cable. The full text of the original cable is not available.

S E C R E T SECTION 01 OF 02 ABUJA 001925

SIPDIS

NOFORN

DEPT FOR EAP/CM BILL CRANE  
DEPT FOR AF/RSA JOHN NAY

E.O. 12958: DECL: 08/31/2015

TAGS: [EAID](#) [ECON](#) [PREL](#) [MASS](#) [EMIN](#) [ENRG](#) [ETRD](#) [AF](#) [CH](#)

SUBJECT: CHINA'S INFLUENCE IN NIGERIA

REF: A. STATE 153199

[1](#)B. 04 ABUJA 2051

[1](#)C. ABUJA 1338

[1](#)D. 04 ABUJA 149

Classified By: Ambassador John Campbell for Reasons 1.4 (b) & (d).

[1](#)1. Summary. (U) The People's Republic of China (hereafter China) has been for some time expanding its economic and business activity in Nigeria. Trade, energy, telecoms, and agriculture are the main areas of activity. Military cooperation is also an important area of engagement, both with Nigeria and with the sub-regional organization ECOWAS. End Summary.

#### ECONOMIC AND TRADE RELATIONS

[1](#)2. (SBU) Chinese goods are entering and dominating some segments of the consumer market. The two countries estimate their bilateral trade at \$2 billion, with Nigeria importing \$1.42 billion of Chinese goods in 2004, with Nigeria as China's second largest market on the continent. This is reportedly a five-fold increase in the last four years. Though China does little manufacturing in Nigeria, there is anecdotal evidence that Chinese firms are manufacturing pirated music and movie products in Nigeria, using Chinese labor. The U.S. Mission has reported in detail Chinese activity in Nigeria's booming telecommunications sector. China is participating in some joint agricultural projects, though so far they are mainly small pilot projects.

[1](#)3. (SBU) The energy sector has seen most activity with Chinese firms becoming involved in developing oil blocks, and pledging investment in refining. In July 2005, the Chinese state-owned PetroChina company signed an \$800 million agreement with the Nigerian National Petroleum Corp. to import 30,000 barrels of oil per day for five years. Firms have expressed intent to explore opportunities in power generation, coal processing and petrochemicals. China is clearly interested in developing Nigeria as an energy supplier, and to some extent is willing to pay a premium, often in the form of agreeing to make additional investments in less attractive areas. It is not clear whether in the end those investments will actually materialize. There may be a limit to that premium. Chinese firms did not place any winning bids in the last oil block bid round, possibly, like Western oil majors, determining that the prices were too high for the presumed return. There is little reason for China to pay a premium for general oil supplies. Oil is a commodity that in most circumstances can be acquired on the market at the prevailing price. With its extreme dependence on imports, however, China probably would be willing to pay a significant premium to secure supplies that would reliably be available in case the oil markets ceased to function normally. For now, Nigerian sources would seem to be of questionable deliverability in case of a global supply interruption.

[1](#)4. (C) In pursuing its economic interest here, China is free to ignore human rights, democracy, and other issues which complicate the U.S. relationship. Still, while Chinese firms might have some advantages over western firms in terms of business practices, safety standards, and responsibility to shareholders, nonetheless they will be active here only to extent that there is an advantage. In fact, Chinese firms face most of the same problems as others in doing business in Nigeria. The Standards Office of Nigeria recently said 90% of Chinese electrical goods failed to meet standards, and starting in October would be impounded upon import. Kaduna refinery workers this month denied access to representatives of the company's new management, the China National Petroleum Company, citing labor issues. A Chinese company that won a contract to rehabilitate the Nigerian railway system has stopped work for some time, because it failed to receive a \$ 20 million payment.

[1](#)5. (U) In reflecting China's growing commercial ties with Nigeria, the "West African United Business Weekly," Nigeria's first Chinese-language newspaper, began publication in August [1](#)2005. The newspaper is published in Lagos, Nigeria's commercial capital. The newspaper's president said the

publication will publish daily "when conditions are ripe."  
The number of Chinese residing in Nigeria has risen from  
10,000 "several years ago" to more than 50,000.

#### Political and Military Relations

16. (U) Visits from senior Chinese officials to Nigeria, and of senior Nigerian officials (including President Obasanjo) to China occur on a regular basis. Press reporting indicates that these visits focus mostly on economic and development assistance issues. In October 2004, the Chinese announced that they would fund almost 600 boreholes in Nigeria (Ref B) following the visit of the Nigerian Minister of Water Resources to China. (Note this compares to approximately 50 boreholes funded by Mission per year. End Note.) On September 30, at a reception for Chinese National Day, Nigeria's Minister for the Federal Capital Territory characterized China as Africa's "most important partner."

17. (C) ECOWAS: The Chinese Ambassador to Nigeria is accredited as an Observer to ECOWAS, and has been for some time (long before the US sought accreditation). The Chinese have offered to provide support to a signal unit in the ECOWAS Standby Force (ESF). Though they were invited to the recent Defense and Security donor coordination meeting at ECOWAS, they failed to send a representative. The Chinese DATT has approached ECOWAS regarding support to the planned logistics depot, but has not yet given a specific commitment of support. In his questions to ECOWAS, the DATT seemed most concerned about support pledged by other Asian nations and how China would fit into that mosaic.

18. (C) United Nations: The Chinese Ambassador to Nigeria engaged the GON on UN Reform during the summer of 2005. He shared some of his experiences with the US Ambassador (Ref C), and seemed open to cooperation with the USG, especially in light of Nigeria's position in the African Union.

19. (S/NF) Military: The Chinese have 2 Brigadier General-level Defense Attaches in their Embassy in Abuja, and a Major-level assistant. These are the senior, by rank, DATTs in Abuja. China suspended its cooperation with DICON (Defense Industries Corporation of Nigeria) in 2004 (Ref D) after the GON failed to provide agreed upon funding. Recent reports have emerged about Chinese plans to sell F-7 or F-8 fighters to Nigeria to replace Nigeria's aging and non-operational fleet of MiG-21s. Outside observers believe that Nigeria has chosen to buy new aircraft from China instead of rehabilitating the old aircraft because the opportunities for graft are far greater in buying new, especially from China.

#### Comment

11. (C) Chinese trade and investment overall is probably a net plus to Nigeria, which desperately needs to expand both to develop its economy. Economic and business success, could however, transfer to increased political and military influence, that might not support U.S. goals here.  
CAMPBELL